



February 12, 2026

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# ENGROSSED SENATE BILL No. 281

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DIGEST OF SB 281 (Updated February 11, 2026 5:45 pm - DI 125)

**Citations Affected:** IC 5-28; IC 6-3.1; IC 36-7; IC 36-7.6.

**Synopsis:** Income tax credits. Requires the Indiana economic development corporation (IEDC) to commit \$35,000,000 in redevelopment tax credits each state fiscal year among development authorities, qualified nonprofit organizations, and certain local economic development organizations that may be granted to taxpayers for qualified investments. Provides that the IEDC and an operating partner shall administer the federal Unmanned Aircraft System Test Site program in Indiana. Requires that \$15,000,000 of the \$300,000,000 of the IEDC's annual certifiable tax credit amount must be allocated to the small town opportunity initiative (initiative). Establishes the initiative. Provides that initiative projects are not subject to any statutory or administrative repayment obligation. Amends the venture capital investment tax credit (tax credit) to specify: (1) that certain investment policies of funds that qualify as a "qualified  
(Continued next page)

**Effective:** Upon passage; July 1, 2026.

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## Goode, Mishler, Niezgodski

(HOUSE SPONSORS — LOPEZ, SNOW)

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January 12, 2026, read first time and referred to Committee on Tax and Fiscal Policy.  
January 20, 2026, amended, reported favorably — Do Pass.  
January 27, 2026, read second time, amended, ordered engrossed.  
January 28, 2026, engrossed.  
January 29, 2026, read third time, passed. Yeas 42, nays 6.

HOUSE ACTION

February 2, 2026, read first time and referred to Committee on Ways and Means.  
February 12, 2026, amended, reported — Do Pass.

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ES 281—LS 6974/DI 120



Digest Continued

Indiana investment fund" apply only to investable capital, excluding management fees, legal fees, and other expenses incurred in the operation of the fund; (2) that a taxpayer is not prevented from combining individual tax credits of less than \$10,000 for assignment; and (3) qualified business eligibility. Provides that if a Level 2 certified technology park (park): (1) has reached the limit of deposits for a Level 2 park; (2) maintains its certification; and (3) is located within a qualified military base enhancement area; the park shall become a Level 3 park and may receive an additional annual incremental income tax deposit of up to \$250,000 until July 1, 2029.



February 12, 2026

Second Regular Session of the 124th General Assembly (2026)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2025 Regular Session of the General Assembly.

## ENGROSSED SENATE BILL No. 281

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 5-28-6-9, AS AMENDED BY P.L.213-2025,  
2 SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2026]: Sec. 9. (a) Subject to subsection (c), the aggregate  
4 amount of applicable tax credits that the corporation may certify:  
5 (1) for each state fiscal year ending on or before June 30, 2025,  
6 for all taxpayers is two hundred fifty million dollars  
7 (\$250,000,000); and  
8 (2) for each state fiscal year ending on or after July 1, 2025, for all  
9 taxpayers is three hundred million dollars (\$300,000,000), **fifteen**  
10 **million dollars (\$15,000,000) of which must be allocated to**  
11 **fund qualified community projects within local government**  
12 **units under IC 6-3.1-34-24.** Each certification under this  
13 subdivision is subject to budget committee review.  
14 (b) For purposes of determining the amount of applicable tax credits  
15 that have been certified for a state fiscal year, the following apply:  
16 (1) An applicable tax credit is considered awarded in the state  
17 fiscal year in which the taxpayer can first claim the credit,

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- 1 determined without regard to any carryforward period or  
 2 carryback period.
- 3 (2) An applicable tax credit awarded by the corporation before  
 4 July 1, 2022, shall be counted toward the aggregate credit  
 5 limitation under this section.
- 6 (3) If an accelerated credit is awarded under IC 6-3.1-26-15, the  
 7 amount counted toward the aggregate credit limitation under this  
 8 section for a state fiscal year shall be the amount of the credit for  
 9 the taxable year described in subdivision (1) prior to any discount.
- 10 (c) Notwithstanding subsection (a), if the corporation determines  
 11 that:
- 12 (1) an applicable tax credit should be certified in a state fiscal  
 13 year; and
- 14 (2) certification of the applicable tax credit will result in an  
 15 aggregate amount of applicable tax credits certified for that state  
 16 fiscal year that exceeds the maximum amount provided in  
 17 subsection (a);
- 18 the corporation may, after review by the budget committee, certify the  
 19 applicable tax credit to the taxpayer.
- 20 (d) This section expires December 31, 2032.
- 21 SECTION 2. IC 5-28-44 IS ADDED TO THE INDIANA CODE AS  
 22 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON  
 23 PASSAGE]:
- 24 **Chapter 44. Unmanned Aircraft Systems Test Site**
- 25 **Sec. 1. In enacting this chapter, it is the intent of the general**  
 26 **assembly to advance the state's leadership position in technologies**  
 27 **related to unmanned aircraft systems to foster more opportunities**  
 28 **for citizens of the state with respect to unmanned aircraft system**  
 29 **technology and related industries and to support the federal**  
 30 **government in research, development, and testing in support of**  
 31 **commerce and national security. The general assembly finds the**  
 32 **following:**
- 33 (1) The FAA announced on January 8, 2026, that Indiana is  
 34 designated as a test site for UAS.
- 35 (2) The FAA notes that test sites help the United States assess  
 36 emerging technologies to modernize methods for cargo  
 37 delivery, Beyond Visual Line of Sight operations, and multiple  
 38 UAS operations while informing safety and security, ushering  
 39 in the safe commercialization of UAS technologies and fully  
 40 integrating UAS into the national airspace system.
- 41 (3) Indiana's designation as a test site was the result of a  
 42 competitive process against other states and a joint



1 application between the corporation and the operating  
2 partner. The proposal was developed under a contract  
3 between the corporation and the operating partner to pursue  
4 similar federal programs.

5 (4) The FAA test site will require substantial reporting and  
6 compliance activities to comply with federal laws and  
7 regulations governing the federal UAS Test Site Program and  
8 ancillary activities and is desirable for efficiency, clarity, and  
9 transparency to avoid duplicating regulatory schemes at the  
10 federal and state levels.

11 Sec. 2. As used in this chapter, "FAA" means the Federal  
12 Aviation Administration.

13 Sec. 3. As used in this chapter, "operating partner" means the  
14 Indiana based nonprofit corporation that partners with the  
15 corporation to operate and maintain the UAS test site under  
16 supervision of the corporation.

17 Sec. 4. As used in this chapter, "test site" means the Indiana  
18 UAS test site awarded to the corporation by the FAA.

19 Sec. 5. As used in this chapter, "UAS" means an unmanned  
20 aircraft system, including counter UAS and other related entities.

21 Sec. 6. Notwithstanding any other law, during the period that  
22 the test site remains subject to federal requirements as part of the  
23 UAS Test Site Program operated by the FAA, the corporation and  
24 operating partner are not subject to any state law concerning the  
25 following for purposes of operating the test site:

26 (1) State procurement requirements.

27 (2) State contracting requirements.

28 (3) State fee setting requirements.

29 Sec. 7. (a) The operating partner shall establish a bank account  
30 that is separate and segregated from any other bank account under  
31 the operating partner's control and administer all funds for the test  
32 site in the bank account.

33 (b) The operating partner may administer and deposit all  
34 income, earnings, and other receipts accrued through operation of  
35 the test site in the bank account, including any state or federal  
36 funding received through a contract, or as a grant or loan.

37 (c) The operating partner may expend money from the bank  
38 account for operations of the test site, including costs for  
39 administration, staffing, equipment, test site activities,  
40 communications, and marketing. The operating partner may  
41 transfer revenue from the bank account to the corporation or any  
42 other state agency to be used for the following purposes:



1           **(1) To procure UAS technology for use by the state.**

2           **(2) To pursue federal funding for activities related to UAS**  
3           **that benefit the state.**

4           **(3) To support economic development activities related to**  
5           **UAS research or manufacturing.**

6           **(d) The operating partner shall keep a full and complete record**  
7           **of funds received and disbursed by the operating partner. The**  
8           **report is subject to audit and must be submitted to the corporation**  
9           **board not later than July 1 of each year, or more often as required**  
10           **by the corporation.**

11           **Sec. 8. The state examiner, or deputy examiners, field**  
12           **examiners, or private examiners, shall make a full and complete**  
13           **report of the records and receipts of the test site.**

14           **Sec. 9. The operating partner shall do the following:**

15           **(1) Respond to requests from local, regional, or state**  
16           **economic development organizations for assistance with**  
17           **economic activities intended to attract companies, or to**  
18           **develop clusters of activity, within the UAS sector.**

19           **(2) Respond to requests from state agencies for expertise**  
20           **related to the procurement of UAS technology.**

21           **(3) Respond to requests from state agencies for assistance**  
22           **with the development of new UAS test activities within**  
23           **particular economic sectors.**

24           **Sec. 10. The operating partner is responsible for carrying out**  
25           **the FAA's requirements and obligations for the safe operation and**  
26           **maintenance of the test site and for managing the day to day**  
27           **operations of the test site under supervision of the corporation.**

28           **Sec. 11. (a) Notwithstanding any other law, the corporation may**  
29           **enter into an agreement with the operating partner to fulfill the**  
30           **requirements of this chapter and any other applicable requirement**  
31           **from the FAA or another federal agency.**

32           **(b) The corporation may dedicate resources as determined**  
33           **necessary and appropriate by the corporation to support the**  
34           **implementation and ongoing operation of the test site, including**  
35           **staff support, administrative support, and direct financial support.**

36           **SECTION 3. IC 6-3.1-24-7, AS AMENDED BY P.L.172-2011,**  
37           **SECTION 66, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE**  
38           **JULY 1, 2026]: Sec. 7. (a) The Indiana economic development**  
39           **corporation shall certify that a business is a qualified Indiana business**  
40           **if the corporation determines that the business:**

41           **(1) has its headquarters in Indiana;**

42           **(2) is primarily focused on professional motor vehicle racing,**



1 commercialization of research and development, technology  
 2 transfers, or the application of new technology, or is determined  
 3 by the Indiana economic development corporation to have  
 4 significant potential to:

- 5 (A) bring substantial capital into Indiana;
- 6 (B) create jobs;
- 7 (C) diversify the business base of Indiana; or
- 8 (D) significantly promote the purposes of this chapter in any  
 9 other way;

10 (3) has had average annual revenues of less than ten million  
 11 dollars (\$10,000,000) in the two (2) years preceding the year in  
 12 which the business received qualified investment capital from a  
 13 taxpayer claiming a credit under this chapter;

14 (4) has:

- 15 (A) at least fifty percent (50%) of its employees residing in  
 16 Indiana; or
- 17 (B) at least seventy-five percent (75%) of its assets located in  
 18 Indiana; and

19 (5) is not engaged in a business involving:

- 20 (A) real estate;
- 21 (B) real estate development;
- 22 (C) insurance;
- 23 (D) professional services provided by an accountant, a lawyer,  
 24 or a physician;
- 25 (E) retail sales, except when:
  - 26 (i) the primary purpose of the business is the development  
 27 or support of electronic commerce using the Internet; or
  - 28 (ii) **the business is engaged in retail sales as a method to  
 29 sell a unique product that the business developed, for  
 30 which the business holds patents, or of which the  
 31 business otherwise has ownership; or**
- 32 (F) oil and gas exploration.

33 (b) A business shall apply to be certified as a qualified Indiana  
 34 business on a form prescribed by the Indiana economic development  
 35 corporation.

36 (c) If a business is certified as a qualified Indiana business under  
 37 this section, the Indiana economic development corporation shall  
 38 provide a copy of the certification to the investors in the qualified  
 39 Indiana business for inclusion in tax filings.

40 (d) Except as provided in subsection (e), the Indiana economic  
 41 development corporation may impose an application fee of not more  
 42 than two hundred dollars (\$200).



1 (e) The Indiana economic development corporation may not impose  
 2 the application fee authorized by subsection (d) for applications  
 3 submitted during the period beginning July 1, 2011, and ending June  
 4 30, 2013.

5 SECTION 4. IC 6-3.1-24-7.5, AS ADDED BY P.L.165-2021,  
 6 SECTION 80, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 7 JULY 1, 2026]: Sec. 7.5. (a) The Indiana economic development  
 8 corporation may certify that an investment fund is a qualified Indiana  
 9 investment fund if the corporation determines that the fund meets the  
 10 definition in section 2.5 of this chapter and the requirements in  
 11 subsection (b).

12 (b) The Indiana economic development corporation may only certify  
 13 a fund as a qualified Indiana investment fund if the fund makes  
 14 investments according to a policy that:

15 (1) requires eligible companies to be primarily focused on the  
 16 commercialization of research and development, technology  
 17 transfer, or application of new technology; and

18 (2) prioritizes investments in companies that:

19 (A) have received a grant, loan, or other investment funds  
 20 provided by the Indiana twenty-first century research and  
 21 technology fund established by IC 5-28-16-2; or

22 (B) maintain a substantial presence in Indiana.

23 **The policy referred to in this subsection shall apply only to**  
 24 **investable capital in the fund, excluding management fees, legal**  
 25 **fees, and other expenses incurred in the operation of the fund.**

26 (c) An investment fund must apply to be certified as a qualified  
 27 Indiana investment fund on a form prescribed by the Indiana economic  
 28 development corporation.

29 (d) If an investment fund is certified as a qualified Indiana  
 30 investment fund under this section, the Indiana economic development  
 31 corporation shall provide a copy of the certification to the investors in  
 32 the qualified Indiana investment fund for inclusion in tax filings.

33 SECTION 5. IC 6-3.1-24-12, AS AMENDED BY P.L.165-2021,  
 34 SECTION 85, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 35 JULY 1, 2026]: Sec. 12. (a) If the amount of the credit determined  
 36 under section 8 or 8.5 of this chapter for a taxpayer in a taxable year  
 37 exceeds the taxpayer's state tax liability for that taxable year, the  
 38 taxpayer may carry the excess credit over for a period not to exceed the  
 39 taxpayer's following five (5) taxable years. The amount of the credit  
 40 carryover from a taxable year shall be reduced to the extent that the  
 41 carryover is used by the taxpayer to obtain a credit under this chapter  
 42 for any subsequent taxable year. A taxpayer is not entitled to a



1 carryback or a refund of any unused credit amount.

2 (b) If the corporation certifies a credit for an investment that is made  
3 after June 30, 2020, and before July 1, 2029, the taxpayer may assign  
4 all or part of the credit to which the taxpayer is entitled under this  
5 chapter, subject to the limitations set forth in subsection (c).

6 (c) The following apply to the assignment of a credit under this  
7 chapter:

8 (1) A taxpayer may not assign all or part of a credit or credits to  
9 a particular person in amounts that are less than ten thousand  
10 dollars (\$10,000).

11 (2) Before a credit may be assigned, the taxpayer must notify the  
12 corporation of the assignment of the credit in the manner  
13 prescribed by the corporation.

14 (3) An assignment of a credit must be in writing, and both the  
15 taxpayer and assignee shall report the assignment on the  
16 taxpayer's and assignee's state tax returns for the year in which the  
17 assignment is made, in the manner prescribed by the department.

18 (4) Once a particular credit or credits are assigned, the assignee  
19 may not assign all or part of the credit or credits to another  
20 person.

21 (5) A taxpayer may not receive value in connection with an  
22 assignment under this section that exceeds the value of that part  
23 of the credit assigned.

24 **Nothing in this subsection shall prevent a taxpayer from combining**  
25 **individual credits of less than ten thousand dollars (\$10,000) for**  
26 **assignment.**

27 (d) The corporation shall collect and compile data on the  
28 assignments of tax credits under this chapter and determine the  
29 effectiveness of each assignment in getting projects completed. The  
30 corporation shall report its findings under this subsection to the  
31 legislative council in an electronic format under IC 5-14-6 before  
32 November 1, 2022. This subsection expires January 1, 2023.

33 SECTION 6. IC 6-3.1-34-0.5 IS ADDED TO THE INDIANA  
34 CODE AS A NEW SECTION TO READ AS FOLLOWS  
35 [EFFECTIVE JULY 1, 2026]: **Sec. 0.5. (a) In order to facilitate the**  
36 **redevelopment and rehabilitation of property in Indiana that**  
37 **promotes regional collaboration and long term strategic planning,**  
38 **the corporation shall commit thirty-five million dollars**  
39 **(\$35,000,000) in tax credits under this chapter each state fiscal year**  
40 **among:**

41 (1) development authorities;

42 (2) qualified nonprofit organizations; and



1           **(3) local economic development organizations that:**

2                 **(A) represent a single unit or multiple units; and**

3                 **(B) have an economically significant impact, as determined**  
 4                 **by the corporation;**

5           **which may subsequently be awarded by the corporation at the**  
 6           **request of an entity described in subdivisions (1) through (3) to a**  
 7           **taxpayer proposing a qualified investment in a qualified**  
 8           **redevelopment site. The corporation shall consider the regional**  
 9           **significance of a project when awarding the tax credits under this**  
 10           **subsection.**

11           **(b) Not later than January 1, 2031, the corporation shall present**  
 12           **a report to the budget committee concerning the tax credits**  
 13           **awarded under this section, including the status of the projects for**  
 14           **which tax credits were awarded under this section and the regional**  
 15           **impact of the projects.**

16           SECTION 7. IC 6-3.1-34-2.1 IS ADDED TO THE INDIANA  
 17           CODE AS A NEW SECTION TO READ AS FOLLOWS  
 18           [EFFECTIVE JULY 1, 2026]: **Sec. 2.1. As used in this chapter,**  
 19           **"development authority" refers to a regional development**  
 20           **authority established under IC 36-7.5-2-1, IC 36-7.6-2-3, or**  
 21           **IC 36-7.7-3-1.**

22           SECTION 8. IC 6-3.1-34-5.5 IS ADDED TO THE INDIANA  
 23           CODE AS A NEW SECTION TO READ AS FOLLOWS  
 24           [EFFECTIVE JULY 1, 2026]: **Sec. 5.5. As used in this chapter,**  
 25           **"qualified nonprofit organization" means a nonprofit organization**  
 26           **that:**

27                 **(1) was established and obtained tax exempt status under**  
 28                 **Section 501 of the Internal Revenue Code before January 1,**  
 29                 **2016, and has since maintained tax exempt status under**  
 30                 **Section 501 of the Internal Revenue Code;**

31                 **(2) was formed to support economic development across the**  
 32                 **region; and**

33                 **(3) does not represent a single interest group or local unit or**  
 34                 **units within a single county.**

35           SECTION 9. IC 6-3.1-34-24 IS ADDED TO THE INDIANA CODE  
 36           AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 37           1, 2026]: **Sec. 24. (a) As used in this section, "downtown area"**  
 38           **means:**

39                 **(1) the central business district of a city or town; or**

40                 **(2) any commercial or mixed use area within a neighborhood**  
 41                 **of a city or town that has traditionally served, since the**  
 42                 **founding of the community, as the retail service and**



- 1 communal focal point within the community.
- 2 (b) As used in this section, "initiative" means the small town  
3 opportunity initiative established by subsection (f).
- 4 (c) As used in this section, "nonprofit taxpayer" means a  
5 taxpayer:
- 6 (1) that is tax exempt under Section 501 of the Internal  
7 Revenue Code;
- 8 (2) for which some or all of its mission is to revitalize the  
9 community it serves; and
- 10 (3) whose leadership includes primarily members of the  
11 community it serves.
- 12 (d) As used in this section, "qualified community project"  
13 means a project that:
- 14 (1) is located in the:
- 15 (A) downtown area of a city or a town with a population of  
16 less than thirty thousand (30,000);
- 17 (B) downtown area of a city or a town that is located in a  
18 county with a population of less than seventy-five thousand  
19 (75,000); or
- 20 (C) unincorporated territory of a county with a population  
21 of less than seventy-five thousand (75,000) if the site of the  
22 project is an area of the unincorporated territory that  
23 serves as the retail service and communal focal point  
24 within the unincorporated territory;
- 25 (2) involves the:
- 26 (A) historic preservation;
- 27 (B) redevelopment; or
- 28 (C) rehabilitation;
- 29 of real property; and
- 30 (3) has a total project budget of at least fifteen million dollars  
31 (\$15,000,000).
- 32 (e) As used in this section, "qualified investment" means the  
33 amount of the taxpayer's expenditures that are:
- 34 (1) for the redevelopment or rehabilitation of real property as  
35 part of a qualified community project; and
- 36 (2) approved by the corporation before the expenditure is  
37 made.
- 38 (f) The small town opportunity initiative is established.
- 39 (g) The corporation shall administer the initiative.
- 40 (h) The purpose of the initiative is to undertake qualified  
41 community projects within local government units to do the  
42 following:



- 1           **(1) Advance historic preservation.**
- 2           **(2) Redevelop or rehabilitate distressed buildings or**
- 3           **underutilized property.**
- 4           **(3) Redevelop or rehabilitate sites where distressed buildings**
- 5           **once stood.**
- 6           **(i) A for-profit taxpayer undertaking a qualified community**
- 7           **project under the initiative is entitled to a redevelopment tax credit**
- 8           **under this chapter equal to twenty percent (20%) of the taxpayer's**
- 9           **cost of the project.**
- 10          **(j) A nonprofit taxpayer undertaking a qualified community**
- 11          **project under the initiative is entitled to a redevelopment tax credit**
- 12          **under this chapter equal to thirty percent (30%) of the taxpayer's**
- 13          **cost of the project.**
- 14          **(k) Qualified community projects undertaken under this section**
- 15          **are not subject to any statutory or administrative repayment**
- 16          **obligation.**
- 17          **(l) Notwithstanding any other provision of this section, for a**
- 18          **nonprofit taxpayer undertaking a qualified community project**
- 19          **under this section, expenditures incurred to acquire, hold, or**
- 20          **prepare real property for redevelopment or rehabilitation before**
- 21          **the date the taxpayer's initial application or application for**
- 22          **certification is approved by the corporation shall be included in the**
- 23          **taxpayer's qualified investment if:**
- 24                **(1) the expenditures were incurred for the primary purpose**
- 25                **of future redevelopment consistent with subsection (h);**
- 26                **(2) the nonprofit taxpayer obtained site control in furtherance**
- 27                **of a locally supported redevelopment effort; and**
- 28                **(3) the corporation determines, as part of the application or**
- 29                **certification process, that inclusion of such expenditures is in**
- 30                **the public interest and supportive of early stage community**
- 31                **redevelopment efforts.**
- 32          **(m) For purposes of determining whether an expenditure is**
- 33          **included as part of a qualified investment under subsection (l), an**
- 34          **expenditure shall be treated as if it were approved by the**
- 35          **corporation as of the date the expenditure was originally incurred.**
- 36          SECTION 10. IC 36-7-32-8.5, AS AMENDED BY P.L.154-2020,
- 37          SECTION 50, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 38          JULY 1, 2026]: Sec. 8.5. As used in this chapter, "income tax
- 39          incremental amount" means the following:
- 40                (1) Except as provided in subdivision (2), the remainder of:
- 41                      (A) the total amount of state adjusted gross income taxes and
- 42                      local income taxes paid by employees employed in the



1 territory comprising the certified technology park with respect  
2 to wages and salary earned for work in the territory comprising  
3 the certified technology park for a particular state fiscal year;  
4 minus  
5 (B) the sum of the:  
6 (i) income tax base period amount as defined in section 8 of  
7 this chapter; and  
8 (ii) tax credits awarded by the Indiana economic  
9 development corporation under IC 6-3.1-13 to businesses  
10 operating in a certified technology park as the result of  
11 wages earned for work in the certified technology park for  
12 the state fiscal year;  
13 as determined by the department of state revenue.  
14 (2) In the case of a certified technology park for which the amount  
15 limit under section 22(c), ~~or~~ 22(d), **or 22(e)** of this chapter has  
16 been exceeded, the remainder of:  
17 (A) the total amount of state adjusted gross income taxes and  
18 local income taxes paid by employees employed in the  
19 territory comprising the certified technology park with respect  
20 to wages and salary earned for work in the territory comprising  
21 the certified technology park for a particular state fiscal year;  
22 minus  
23 (B) the sum of the:  
24 (i) income tax base period amount as defined in section 8 of  
25 this chapter; and  
26 (ii) tax credits awarded by the Indiana economic  
27 development corporation under IC 6-3.1-13 to businesses  
28 operating in a certified technology park as the result of  
29 wages earned for work in the certified technology park for  
30 the state fiscal year;  
31 as determined by the department of state revenue.  
32 SECTION 11. IC 36-7-32-22, AS AMENDED BY P.L.145-2025,  
33 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
34 JULY 1, 2026]: Sec. 22. (a) The treasurer of state shall establish an  
35 incremental tax financing fund for each certified technology park  
36 designated under this chapter. The fund shall be administered by the  
37 treasurer of state. Money in the fund does not revert to the state general  
38 fund at the end of a state fiscal year.  
39 (b) Subject to subsection (c), the following amounts shall be  
40 deposited during each state fiscal year in the incremental tax financing  
41 fund established for a certified technology park under subsection (a):



1 (1) The aggregate amount of state gross retail and use taxes that  
 2 are remitted under IC 6-2.5 by businesses operating in the  
 3 certified technology park, until the amount of state gross retail  
 4 and use taxes deposited equals the gross retail incremental  
 5 amount for the certified technology park.

6 (2) Except as provided in subdivision (3), the aggregate amount  
 7 of the following taxes paid by employees employed in the  
 8 certified technology park with respect to wages earned for work  
 9 in the certified technology park, until the amount deposited equals  
 10 the income tax incremental amount as defined in section 8.5(1) of  
 11 this chapter:

12 (A) The adjusted gross income tax.

13 (B) The local income tax (IC 6-3.6).

14 (3) In the case of a certified technology park to which subsection  
 15 (e) **or (f)** applies, the amount determined under subsection (e) **or**  
 16 **(f)**, if any **and as applicable**.

17 (c) Except as provided in subsections (d), ~~and (e)~~, **and (f)**, not more  
 18 than a total of five million dollars (\$5,000,000) may be deposited in a  
 19 particular incremental tax financing fund for a certified technology  
 20 park over the life of the certified technology park.

21 (d) Except as provided in ~~subsection (e)~~, **subsections (e) and (f)**, in  
 22 the case of a certified technology park that is operating under a written  
 23 agreement entered into by two (2) or more redevelopment  
 24 commissions, and subject to section 26(b)(4) of this chapter:

25 (1) not more than a total of five million dollars (\$5,000,000) may  
 26 be deposited over the life of the certified technology park in the  
 27 incremental tax financing fund of each redevelopment  
 28 commission participating in the operation of the certified  
 29 technology park; and

30 (2) the total amount that may be deposited in all incremental tax  
 31 financing funds, over the life of the certified technology park, in  
 32 aggregate, may not exceed the result of:

33 (A) five million dollars (\$5,000,000); multiplied by

34 (B) the number of redevelopment commissions that have  
 35 entered into a written agreement for the operation of the  
 36 certified technology park.

37 (e) If a certified technology park has reached the limit on deposits  
 38 under subsection (c) or (d) and maintains its certification under section  
 39 11(c) of this chapter, the certified technology park shall become a  
 40 Level 2 certified technology park and an additional annual deposit  
 41 amount shall be deposited in the incremental tax financing fund for the  
 42 certified technology park equal to the following:



- 1 (1) For a certified technology park to which subsection (c)  
 2 applies, the lesser of:  
 3 (A) the income tax incremental amount as defined in section  
 4 8.5(2) of this chapter; or  
 5 (B) two hundred fifty thousand dollars (\$250,000).
- 6 (2) For a certified technology park to which subsection (d)  
 7 applies, the lesser of:  
 8 (A) the aggregate income tax incremental amounts as defined  
 9 in section 8.5(2) of this chapter attributable to each  
 10 redevelopment commission that has entered into a written  
 11 agreement for the operation of the certified technology park;  
 12 or  
 13 (B) two hundred fifty thousand dollars (\$250,000) multiplied  
 14 by the number of redevelopment commissions that have  
 15 entered into a written agreement for the operation of the  
 16 certified technology park.
- 17 (3) The following apply to deposits under this subsection:  
 18 (A) If a certified technology park reached its limit on deposits  
 19 based on a state fiscal year ending before July 1, 2020, the  
 20 certified technology park shall receive deposits based on the  
 21 income tax incremental amount as defined in section 8.5(2) of  
 22 this chapter for each state fiscal year ending after June 30,  
 23 2019.  
 24 (B) If a certified technology park reached its limit on deposits  
 25 based on a state fiscal year ending after June 30, 2020, the  
 26 certified technology park shall receive deposits based on the  
 27 income tax incremental amount as defined in section 8.5(2) of  
 28 this chapter for the state fiscal year in which it reached its limit  
 29 on deposits under subsection (c) or (d) and each state fiscal  
 30 year thereafter.  
 31 (C) If a certified technology park is permitted to receive  
 32 deposits under this subsection during the state fiscal year in  
 33 which it reached its limit on deposits under subsection (c) or  
 34 (d), the income tax incremental amount for purposes of  
 35 subdivision (1)(A) or (1)(B) for that state fiscal year shall be  
 36 reduced by an amount equal to:  
 37 (i) the deposit amount for the state fiscal year under  
 38 subsection (b) required to reach the limit on deposits under  
 39 subsection (c) or (d); minus  
 40 (ii) the gross retail incremental amount determined under  
 41 section 6.5 of this chapter;  
 42 but not less than zero (0).



1 (f) This subsection applies to a certified technology park that is  
2 located within a qualified military base enhancement area under  
3 IC 36-7-34. Subject to subsection (g), if a certified technology park  
4 has reached the limit on deposits under subsection (e) and  
5 maintains its certification under section 11(c) of this chapter, the  
6 certified technology park shall become a Level 3 certified  
7 technology park and an additional annual deposit amount shall be  
8 deposited in the incremental tax financing fund for the certified  
9 technology park equal to the lesser of:

10 (1) the aggregate income tax incremental amounts as defined  
11 in section 8.5(2) of this chapter attributable to each  
12 redevelopment commission that has entered into a written  
13 agreement for the operation of the certified technology park;

14 or

15 (2) two hundred fifty thousand dollars (\$250,000) multiplied  
16 by the number of redevelopment commissions that have  
17 entered into a written agreement for the operation of the  
18 certified technology park.

19 However, no amount of state gross retail and use taxes that are  
20 remitted under IC 6-2.5 for transactions occurring after June 30,  
21 2029, by businesses operating in the certified technology park and  
22 no amount of adjusted gross income tax or local income tax paid by  
23 employees employed in the certified technology park with respect  
24 to wages and salary earned for work in the certified technology  
25 park after June 30, 2029, may be deposited in the incremental tax  
26 financing fund for the certified technology park, regardless of  
27 whether the maximum annual amount under subdivision (1) or (2)  
28 has been met.

29 (g) For purposes of calculating the income tax incremental  
30 amount for the additional annual deposit amount under subsection  
31 (f), only wages attributable to new employees hired on or after the  
32 date the certified technology park becomes a Level 3 certified  
33 technology park shall be included in the calculation. The  
34 department of state revenue shall determine the incremental  
35 amount based only on the net payroll increase over the base payroll  
36 determined at the time of the Level 3 designation.

37 (h) Once a certified technology park meets the requirements of  
38 designation as a Level 3 certified technology park, the department  
39 of state revenue shall, not later than ninety (90) days after receipt  
40 of all information necessary to make the determination, issue a  
41 written determination establishing:



- 1           **(1) the date on which the certified technology park became a**
- 2           **Level 3 certified technology park; and**
- 3           **(2) the base payroll amount to be used for purposes of**
- 4           **calculating the income tax incremental amount under section**
- 5           **8.5 of this chapter.**

6           **The department of state revenue may require the submission of**  
 7           **documentation reasonably necessary to make the determination**  
 8           **under this subsection.**

9           ~~(f)~~ **(i)** This subsection applies to a Level 2 **or Level 3** certified  
 10           technology park designated in subsection (e) **or (f)**. When the office  
 11           recertifies a certified technology park as required under section 11 of  
 12           this chapter, the office shall make a determination of whether the  
 13           certified technology park shall continue to be designated as a Level 2  
 14           **or Level 3** certified technology park.

15           ~~(g)~~ **(j)** On or before the twentieth day of each month, all amounts  
 16           held in the incremental tax financing fund established for a certified  
 17           technology park shall be distributed to the redevelopment commission  
 18           for deposit in the certified technology park fund established under  
 19           section 23 of this chapter.

20           SECTION 12. IC 36-7.6-2-3, AS AMENDED BY P.L.178-2015,  
 21           SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 22           JULY 1, 2026]: Sec. 3. (a) A development authority may be established  
 23           by any of the following:

- 24           (1) One (1) or more counties and one (1) or more adjacent
- 25           counties.
- 26           (2) One (1) or more counties and one (1) or more qualified cities
- 27           in adjacent counties.
- 28           (3) One (1) or more qualified cities and one (1) or more qualified
- 29           cities in adjacent counties.

30           (b) A county or qualified city may participate in the establishment  
 31           of a development authority under this section and become a member of  
 32           the development authority only if the fiscal body of the county or  
 33           qualified city adopts an ordinance authorizing the county or qualified  
 34           city to participate in the establishment of the development authority.  
 35           **For a county or city that is currently participating in a**  
 36           **development authority, the fiscal body of the county or qualified**  
 37           **city may adopt a subsequent ordinance authorizing the county or**  
 38           **qualified city to change membership and instead participate in a**  
 39           **new or different development authority.**

40           (c) When a county establishes a development authority with another  
 41           unit as provided in this chapter, each qualified city and third class city  
 42           in the county also becomes a member of the development authority,



1 without further action by the qualified city, **the** third class city, or the  
2 development authority.  
3 (d) Notwithstanding any other provision of this article, a county or  
4 municipality may be a member of only one (1) development authority.  
5 (e) Notwithstanding any other provision of this article, a county or  
6 municipality that is a member of the northwest Indiana regional  
7 development authority under IC 36-7.5 may not be a member of a  
8 development authority under this article.  
9 (f) A development authority shall notify the Indiana economic  
10 development corporation in writing promptly after the development  
11 authority is established **or if membership of the development**  
12 **authority changes.**  
13 SECTION 13. **An emergency is declared for this act.**



## COMMITTEE REPORT

Mr. President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 281, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 1 through 17.

Delete pages 2 through 5.

Page 6, delete lines 1 through 2.

Page 6, line 15, delete "two" and insert "**three**".

Page 6, line 16, delete "\$250,000,000" and insert "**(\$350,000,000)**".

Delete pages 7 through 18.

Page 19, delete lines 1 through 16, begin a new paragraph and insert:

"SECTION 2. IC 6-3.1-34-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 0.5. (a) In order to facilitate the redevelopment and rehabilitation of property in Indiana that promotes regional collaboration and long term strategic planning, the corporation may commit a tax credit to a development authority pursuant to a development plan approved by the corporation, which may subsequently be awarded by the corporation at the request of a development authority to a taxpayer proposing a qualified investment in a qualified redevelopment site that is included in the development authority's development plan.**

**(b) The corporation shall award fifty million dollars (\$50,000,000) to development authorities each fiscal year that may be granted to taxpayers proposing qualified investment in a qualified redevelopment site pursuant to a development plan approved by the corporation.**

SECTION 3. IC 6-3.1-34-2.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 2.1. As used in this chapter, "development authority" refers to a regional development authority established under IC 36-7.5-2-1, IC 36-7.6-2-3, or IC 36-7.7-3-1. The term includes a qualified nonprofit organization formed to support economic development across the region and which does not represent a single interest group or local unit or units within a single county.**

SECTION 4. IC 6-3.1-34-2.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS

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[EFFECTIVE JULY 1, 2026]: **Sec. 2.2. (a) As used in this chapter, "development plan" refers to a comprehensive strategic development plan approved by the development authority for its jurisdiction and which outlines its economic development strategy, the anticipated local resource commitments, the proposed regionally significant projects, the return on investment analysis reflecting a positive state return for such projects, the requirement that an equal or greater level of local public financial participation in the aggregate across all projects, the requirement that projects are reasonably expected to spur a total investment across all projects that is four (4) times greater than the level of the state resources provided on a present value basis, and that each project supported would not occur but for the provision of the requested state resources.**

**(b) The development plan shall also include specific, measurable five (5) and ten (10) year objectives, and plans for achieving the objectives, for the region, including targets for:**

- (1) per capita income;**
- (2) population;**
- (3) employment; and**
- (4) credential attainment among residents;**

**in the region.**

SECTION 5. IC 36-7.6-2-3, AS AMENDED BY P.L.178-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 3. (a) A development authority may be established by any of the following:**

- (1) One (1) or more counties and one (1) or more adjacent counties.**
- (2) One (1) or more counties and one (1) or more qualified cities in adjacent counties.**
- (3) One (1) or more qualified cities and one (1) or more qualified cities in adjacent counties.**

**(b) A county or qualified city may participate in the establishment of a development authority under this section and become a member of the development authority only if the fiscal body of the county or qualified city adopts an ordinance authorizing the county or qualified city to participate in the establishment of the development authority. For a county or city that is currently participating in a development authority, the fiscal body of the county or qualified city may adopt a subsequent ordinance authorizing the county or qualified city to change membership and instead participate in a new or different development authority.**



(c) When a county establishes a development authority with another unit as provided in this chapter, each qualified city and third class city in the county also becomes a member of the development authority, without further action by the qualified city, **the** third class city, or the development authority.

(d) Notwithstanding any other provision of this article, a county or municipality may be a member of only one (1) development authority.

(e) Notwithstanding any other provision of this article, a county or municipality that is a member of the northwest Indiana regional development authority under IC 36-7.5 may not be a member of a development authority under this article.

(f) A development authority shall notify the Indiana economic development corporation in writing promptly after the development authority is established **or if membership of the development authority changes."**

Page 20, delete lines 25 through 29, begin a new paragraph and insert:

**"SECTION 7. [EFFECTIVE JULY 1, 2026] (a) Notwithstanding any other provision, after review by the budget committee, the appropriation for the deal closing fund in P.L.213-2025 (HEA 1001-2025) may be augmented by the budget agency. The terms in P.L.213-2025 (HEA 1001-2025) for the deal closing fund limiting augmentation by the budget agency to any economic development project located within an innovation development district are repealed.**

**(b) This SECTION expires July 1, 2027."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 281 as introduced.)

HOLDMAN, Chairperson

Committee Vote: Yeas 12, Nays 1.

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SENATE MOTION

Mr. President: I move that Senate Bill 281 be amended to read as follows:

Page 1, delete lines 1 through 17.

Page 2, delete lines 1 through 23.

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Page 2, delete lines 41 through 42.

Page 3, delete lines 1 through 7, begin a new paragraph and insert:

"SECTION 3. IC 6-3.1-34-2.1 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY 1, 2026]: **Sec. 2.1. (a) As used in this chapter, "development authority" refers to a regional development authority established under IC 36-7.5-2-1, IC 36-7.6-2-3, or IC 36-7.7-3-1.**

**(b) For the period beginning July 1, 2026, and ending June 30, 2028, the term "development authority" includes a qualified nonprofit organization formed to support economic development across the region and which does not represent a single interest group or local unit or units within a single county. This subsection expires July 1, 2028."**

Page 5, delete lines 33 through 41.

Renumber all SECTIONS consecutively.

(Reference is to SB 281 as printed January 21, 2026.)

MISHLER

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 281, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 5-28-6-9, AS AMENDED BY P.L.213-2025, SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 9. (a) Subject to subsection (c), the aggregate amount of applicable tax credits that the corporation may certify:

- (1) for each state fiscal year ending on or before June 30, 2025, for all taxpayers is two hundred fifty million dollars (\$250,000,000); and
- (2) for each state fiscal year ending on or after July 1, 2025, for all taxpayers is three hundred million dollars (\$300,000,000), **fifteen million dollars (\$15,000,000) of which must be allocated to fund qualified community projects within local government**



**units under IC 6-3.1-34-24.** Each certification under this subdivision is subject to budget committee review.

(b) For purposes of determining the amount of applicable tax credits that have been certified for a state fiscal year, the following apply:

(1) An applicable tax credit is considered awarded in the state fiscal year in which the taxpayer can first claim the credit, determined without regard to any carryforward period or carryback period.

(2) An applicable tax credit awarded by the corporation before July 1, 2022, shall be counted toward the aggregate credit limitation under this section.

(3) If an accelerated credit is awarded under IC 6-3.1-26-15, the amount counted toward the aggregate credit limitation under this section for a state fiscal year shall be the amount of the credit for the taxable year described in subdivision (1) prior to any discount.

(c) Notwithstanding subsection (a), if the corporation determines that:

(1) an applicable tax credit should be certified in a state fiscal year; and

(2) certification of the applicable tax credit will result in an aggregate amount of applicable tax credits certified for that state fiscal year that exceeds the maximum amount provided in subsection (a);

the corporation may, after review by the budget committee, certify the applicable tax credit to the taxpayer.

(d) This section expires December 31, 2032.

SECTION 2. IC 5-28-44 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

**Chapter 44. Unmanned Aircraft Systems Test Site**

**Sec. 1. In enacting this chapter, it is the intent of the general assembly to advance the state's leadership position in technologies related to unmanned aircraft systems to foster more opportunities for citizens of the state with respect to unmanned aircraft system technology and related industries and to support the federal government in research, development, and testing in support of commerce and national security. The general assembly finds the following:**

**(1) The FAA announced on January 8, 2026, that Indiana is designated as a test site for UAS.**

**(2) The FAA notes that test sites help the United States assess emerging technologies to modernize methods for cargo**



delivery, Beyond Visual Line of Sight operations, and multiple UAS operations while informing safety and security, ushering in the safe commercialization of UAS technologies and fully integrating UAS into the national airspace system.

(3) Indiana's designation as a test site was the result of a competitive process against other states and a joint application between the corporation and the operating partner. The proposal was developed under a contract between the corporation and the operating partner to pursue similar federal programs.

(4) The FAA test site will require substantial reporting and compliance activities to comply with federal laws and regulations governing the federal UAS Test Site Program and ancillary activities and is desirable for efficiency, clarity, and transparency to avoid duplicating regulatory schemes at the federal and state levels.

**Sec. 2.** As used in this chapter, "FAA" means the Federal Aviation Administration.

**Sec. 3.** As used in this chapter, "operating partner" means the Indiana based nonprofit corporation that partners with the corporation to operate and maintain the UAS test site under supervision of the corporation.

**Sec. 4.** As used in this chapter, "test site" means the Indiana UAS test site awarded to the corporation by the FAA.

**Sec. 5.** As used in this chapter, "UAS" means an unmanned aircraft system, including counter UAS and other related entities.

**Sec. 6.** Notwithstanding any other law, during the period that the test site remains subject to federal requirements as part of the UAS Test Site Program operated by the FAA, the corporation and operating partner are not subject to any state law concerning the following for purposes of operating the test site:

- (1) State procurement requirements.
- (2) State contracting requirements.
- (3) State fee setting requirements.

**Sec. 7. (a)** The operating partner shall establish a bank account that is separate and segregated from any other bank account under the operating partner's control and administer all funds for the test site in the bank account.

**(b)** The operating partner may administer and deposit all income, earnings, and other receipts accrued through operation of the test site in the bank account, including any state or federal funding received through a contract, or as a grant or loan.



(c) The operating partner may expend money from the bank account for operations of the test site, including costs for administration, staffing, equipment, test site activities, communications, and marketing. The operating partner may transfer revenue from the bank account to the corporation or any other state agency to be used for the following purposes:

- (1) To procure UAS technology for use by the state.
- (2) To pursue federal funding for activities related to UAS that benefit the state.
- (3) To support economic development activities related to UAS research or manufacturing.

(d) The operating partner shall keep a full and complete record of funds received and disbursed by the operating partner. The report is subject to audit and must be submitted to the corporation board not later than July 1 of each year, or more often as required by the corporation.

Sec. 8. The state examiner, or deputy examiners, field examiners, or private examiners, shall make a full and complete report of the records and receipts of the test site.

Sec. 9. The operating partner shall do the following:

- (1) Respond to requests from local, regional, or state economic development organizations for assistance with economic activities intended to attract companies, or to develop clusters of activity, within the UAS sector.
- (2) Respond to requests from state agencies for expertise related to the procurement of UAS technology.
- (3) Respond to requests from state agencies for assistance with the development of new UAS test activities within particular economic sectors.

Sec. 10. The operating partner is responsible for carrying out the FAA's requirements and obligations for the safe operation and maintenance of the test site and for managing the day to day operations of the test site under supervision of the corporation.

Sec. 11. (a) Notwithstanding any other law, the corporation may enter into an agreement with the operating partner to fulfill the requirements of this chapter and any other applicable requirement from the FAA or another federal agency.

(b) The corporation may dedicate resources as determined necessary and appropriate by the corporation to support the implementation and ongoing operation of the test site, including staff support, administrative support, and direct financial support.



SECTION 3. IC 6-3.1-24-7, AS AMENDED BY P.L.172-2011, SECTION 66, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 7. (a) The Indiana economic development corporation shall certify that a business is a qualified Indiana business if the corporation determines that the business:

- (1) has its headquarters in Indiana;
- (2) is primarily focused on professional motor vehicle racing, commercialization of research and development, technology transfers, or the application of new technology, or is determined by the Indiana economic development corporation to have significant potential to:
  - (A) bring substantial capital into Indiana;
  - (B) create jobs;
  - (C) diversify the business base of Indiana; or
  - (D) significantly promote the purposes of this chapter in any other way;
- (3) has had average annual revenues of less than ten million dollars (\$10,000,000) in the two (2) years preceding the year in which the business received qualified investment capital from a taxpayer claiming a credit under this chapter;
- (4) has:
  - (A) at least fifty percent (50%) of its employees residing in Indiana; or
  - (B) at least seventy-five percent (75%) of its assets located in Indiana; and
- (5) is not engaged in a business involving:
  - (A) real estate;
  - (B) real estate development;
  - (C) insurance;
  - (D) professional services provided by an accountant, a lawyer, or a physician;
  - (E) retail sales, except when:
    - (i) the primary purpose of the business is the development or support of electronic commerce using the Internet; or
    - (ii) the business is engaged in retail sales as a method to sell a unique product that the business developed, for which the business holds patents, or of which the business otherwise has ownership; or**
  - (F) oil and gas exploration.

(b) A business shall apply to be certified as a qualified Indiana business on a form prescribed by the Indiana economic development corporation.



(c) If a business is certified as a qualified Indiana business under this section, the Indiana economic development corporation shall provide a copy of the certification to the investors in the qualified Indiana business for inclusion in tax filings.

(d) Except as provided in subsection (e), the Indiana economic development corporation may impose an application fee of not more than two hundred dollars (\$200).

(e) The Indiana economic development corporation may not impose the application fee authorized by subsection (d) for applications submitted during the period beginning July 1, 2011, and ending June 30, 2013.

SECTION 4. IC 6-3.1-24-7.5, AS ADDED BY P.L.165-2021, SECTION 80, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 7.5. (a) The Indiana economic development corporation may certify that an investment fund is a qualified Indiana investment fund if the corporation determines that the fund meets the definition in section 2.5 of this chapter and the requirements in subsection (b).

(b) The Indiana economic development corporation may only certify a fund as a qualified Indiana investment fund if the fund makes investments according to a policy that:

- (1) requires eligible companies to be primarily focused on the commercialization of research and development, technology transfer, or application of new technology; and
- (2) prioritizes investments in companies that:
  - (A) have received a grant, loan, or other investment funds provided by the Indiana twenty-first century research and technology fund established by IC 5-28-16-2; or
  - (B) maintain a substantial presence in Indiana.

**The policy referred to in this subsection shall apply only to investable capital in the fund, excluding management fees, legal fees, and other expenses incurred in the operation of the fund.**

(c) An investment fund must apply to be certified as a qualified Indiana investment fund on a form prescribed by the Indiana economic development corporation.

(d) If an investment fund is certified as a qualified Indiana investment fund under this section, the Indiana economic development corporation shall provide a copy of the certification to the investors in the qualified Indiana investment fund for inclusion in tax filings.

SECTION 5. IC 6-3.1-24-12, AS AMENDED BY P.L.165-2021, SECTION 85, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 12. (a) If the amount of the credit determined



under section 8 or 8.5 of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess credit over for a period not to exceed the taxpayer's following five (5) taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback or a refund of any unused credit amount.

(b) If the corporation certifies a credit for an investment that is made after June 30, 2020, and before July 1, 2029, the taxpayer may assign all or part of the credit to which the taxpayer is entitled under this chapter, subject to the limitations set forth in subsection (c).

(c) The following apply to the assignment of a credit under this chapter:

- (1) A taxpayer may not assign all or part of a credit or credits to a particular person in amounts that are less than ten thousand dollars (\$10,000).
- (2) Before a credit may be assigned, the taxpayer must notify the corporation of the assignment of the credit in the manner prescribed by the corporation.
- (3) An assignment of a credit must be in writing, and both the taxpayer and assignee shall report the assignment on the taxpayer's and assignee's state tax returns for the year in which the assignment is made, in the manner prescribed by the department.
- (4) Once a particular credit or credits are assigned, the assignee may not assign all or part of the credit or credits to another person.
- (5) A taxpayer may not receive value in connection with an assignment under this section that exceeds the value of that part of the credit assigned.

**Nothing in this subsection shall prevent a taxpayer from combining individual credits of less than ten thousand dollars (\$10,000) for assignment.**

(d) The corporation shall collect and compile data on the assignments of tax credits under this chapter and determine the effectiveness of each assignment in getting projects completed. The corporation shall report its findings under this subsection to the legislative council in an electronic format under IC 5-14-6 before November 1, 2022. This subsection expires January 1, 2023."

Page 1, line 5, after "planning," insert **"the corporation shall commit thirty-five million dollars (\$35,000,000) in tax credits under this chapter each state fiscal year among:**



- (1) development authorities;
- (2) qualified nonprofit organizations; and
- (3) local economic development organizations that:
  - (A) represent a single unit or multiple units; and
  - (B) have an economically significant impact, as determined by the corporation;

which may subsequently be awarded by the corporation at the request of an entity described in subdivisions (1) through (3) to a taxpayer proposing a qualified investment in a qualified redevelopment site. The corporation shall consider the regional significance of a project when awarding the tax credits under this subsection.

(b) Not later than January 1, 2031, the corporation shall present a report to the budget committee concerning the tax credits awarded under this section, including the status of the projects for which tax credits were awarded under this section and the regional impact of the projects."

Page 1, delete lines 6 through 17.

Page 2, line 3, delete "(a)".

Page 2, delete lines 7 through 36, begin a new paragraph and insert:

"SECTION 8. IC 6-3.1-34-5.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 5.5. As used in this chapter, "qualified nonprofit organization" means a nonprofit organization that:**

- (1) was established and obtained tax exempt status under Section 501 of the Internal Revenue Code before January 1, 2016, and has since maintained tax exempt status under Section 501 of the Internal Revenue Code;
- (2) was formed to support economic development across the region; and
- (3) does not represent a single interest group or local unit or units within a single county.

SECTION 9. IC 6-3.1-34-24 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 24. (a) As used in this section, "downtown area" means:**

- (1) the central business district of a city or town; or
- (2) any commercial or mixed use area within a neighborhood of a city or town that has traditionally served, since the founding of the community, as the retail service and communal focal point within the community.



(b) As used in this section, "initiative" means the small town opportunity initiative established by subsection (f).

(c) As used in this section, "nonprofit taxpayer" means a taxpayer:

- (1) that is tax exempt under Section 501 of the Internal Revenue Code;
- (2) for which some or all of its mission is to revitalize the community it serves; and
- (3) whose leadership includes primarily members of the community it serves.

(d) As used in this section, "qualified community project" means a project that:

- (1) is located in the:
  - (A) downtown area of a city or a town with a population of less than thirty thousand (30,000);
  - (B) downtown area of a city or a town that is located in a county with a population of less than seventy-five thousand (75,000); or
  - (C) unincorporated territory of a county with a population of less than seventy-five thousand (75,000) if the site of the project is an area of the unincorporated territory that serves as the retail service and communal focal point within the unincorporated territory;
- (2) involves the:
  - (A) historic preservation;
  - (B) redevelopment; or
  - (C) rehabilitation;of real property; and
- (3) has a total project budget of at least fifteen million dollars (\$15,000,000).

(e) As used in this section, "qualified investment" means the amount of the taxpayer's expenditures that are:

- (1) for the redevelopment or rehabilitation of real property as part of a qualified community project; and
- (2) approved by the corporation before the expenditure is made.

(f) The small town opportunity initiative is established.

(g) The corporation shall administer the initiative.

(h) The purpose of the initiative is to undertake qualified community projects within local government units to do the following:

- (1) Advance historic preservation.



**(2) Redevelop or rehabilitate distressed buildings or underutilized property.**

**(3) Redevelop or rehabilitate sites where distressed buildings once stood.**

**(i) A for-profit taxpayer undertaking a qualified community project under the initiative is entitled to a redevelopment tax credit under this chapter equal to twenty percent (20%) of the taxpayer's cost of the project.**

**(j) A nonprofit taxpayer undertaking a qualified community project under the initiative is entitled to a redevelopment tax credit under this chapter equal to thirty percent (30%) of the taxpayer's cost of the project.**

**(k) Qualified community projects undertaken under this section are not subject to any statutory or administrative repayment obligation.**

**(l) Notwithstanding any other provision of this section, for a nonprofit taxpayer undertaking a qualified community project under this section, expenditures incurred to acquire, hold, or prepare real property for redevelopment or rehabilitation before the date the taxpayer's initial application or application for certification is approved by the corporation shall be included in the taxpayer's qualified investment if:**

**(1) the expenditures were incurred for the primary purpose of future redevelopment consistent with subsection (h);**

**(2) the nonprofit taxpayer obtained site control in furtherance of a locally supported redevelopment effort; and**

**(3) the corporation determines, as part of the application or certification process, that inclusion of such expenditures is in the public interest and supportive of early stage community redevelopment efforts.**

**(m) For purposes of determining whether an expenditure is included as part of a qualified investment under subsection (l), an expenditure shall be treated as if it were approved by the corporation as of the date the expenditure was originally incurred.**

SECTION 10. IC 36-7-32-8.5, AS AMENDED BY P.L.154-2020, SECTION 50, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 8.5. As used in this chapter, "income tax incremental amount" means the following:

**(1) Except as provided in subdivision (2), the remainder of:**

**(A) the total amount of state adjusted gross income taxes and local income taxes paid by employees employed in the territory comprising the certified technology park with respect**



to wages and salary earned for work in the territory comprising the certified technology park for a particular state fiscal year; minus

(B) the sum of the:

(i) income tax base period amount as defined in section 8 of this chapter; and

(ii) tax credits awarded by the Indiana economic development corporation under IC 6-3.1-13 to businesses operating in a certified technology park as the result of wages earned for work in the certified technology park for the state fiscal year;

as determined by the department of state revenue.

(2) In the case of a certified technology park for which the amount limit under section 22(c), ~~or 22(d)~~, **or 22(e)** of this chapter has been exceeded, the remainder of:

(A) the total amount of state adjusted gross income taxes and local income taxes paid by employees employed in the territory comprising the certified technology park with respect to wages and salary earned for work in the territory comprising the certified technology park for a particular state fiscal year; minus

(B) the sum of the:

(i) income tax base period amount as defined in section 8 of this chapter; and

(ii) tax credits awarded by the Indiana economic development corporation under IC 6-3.1-13 to businesses operating in a certified technology park as the result of wages earned for work in the certified technology park for the state fiscal year;

as determined by the department of state revenue.

SECTION 11. IC 36-7-32-22, AS AMENDED BY P.L.145-2025, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 22. (a) The treasurer of state shall establish an incremental tax financing fund for each certified technology park designated under this chapter. The fund shall be administered by the treasurer of state. Money in the fund does not revert to the state general fund at the end of a state fiscal year.

(b) Subject to subsection (c), the following amounts shall be deposited during each state fiscal year in the incremental tax financing fund established for a certified technology park under subsection (a):

(1) The aggregate amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in the



certified technology park, until the amount of state gross retail and use taxes deposited equals the gross retail incremental amount for the certified technology park.

(2) Except as provided in subdivision (3), the aggregate amount of the following taxes paid by employees employed in the certified technology park with respect to wages earned for work in the certified technology park, until the amount deposited equals the income tax incremental amount as defined in section 8.5(1) of this chapter:

(A) The adjusted gross income tax.

(B) The local income tax (IC 6-3.6).

(3) In the case of a certified technology park to which subsection (e) **or (f)** applies, the amount determined under subsection (e) **or (f)**, if any **and as applicable**.

(c) Except as provided in subsections (d), ~~and (e)~~, **and (f)**, not more than a total of five million dollars (\$5,000,000) may be deposited in a particular incremental tax financing fund for a certified technology park over the life of the certified technology park.

(d) Except as provided in ~~subsection (e)~~; **subsections (e) and (f)**, in the case of a certified technology park that is operating under a written agreement entered into by two (2) or more redevelopment commissions, and subject to section 26(b)(4) of this chapter:

(1) not more than a total of five million dollars (\$5,000,000) may be deposited over the life of the certified technology park in the incremental tax financing fund of each redevelopment commission participating in the operation of the certified technology park; and

(2) the total amount that may be deposited in all incremental tax financing funds, over the life of the certified technology park, in aggregate, may not exceed the result of:

(A) five million dollars (\$5,000,000); multiplied by

(B) the number of redevelopment commissions that have entered into a written agreement for the operation of the certified technology park.

(e) If a certified technology park has reached the limit on deposits under subsection (c) or (d) and maintains its certification under section 11(c) of this chapter, the certified technology park shall become a Level 2 certified technology park and an additional annual deposit amount shall be deposited in the incremental tax financing fund for the certified technology park equal to the following:

(1) For a certified technology park to which subsection (c) applies, the lesser of:



- (A) the income tax incremental amount as defined in section 8.5(2) of this chapter; or
  - (B) two hundred fifty thousand dollars (\$250,000).
- (2) For a certified technology park to which subsection (d) applies, the lesser of:
- (A) the aggregate income tax incremental amounts as defined in section 8.5(2) of this chapter attributable to each redevelopment commission that has entered into a written agreement for the operation of the certified technology park; or
  - (B) two hundred fifty thousand dollars (\$250,000) multiplied by the number of redevelopment commissions that have entered into a written agreement for the operation of the certified technology park.
- (3) The following apply to deposits under this subsection:
- (A) If a certified technology park reached its limit on deposits based on a state fiscal year ending before July 1, 2020, the certified technology park shall receive deposits based on the income tax incremental amount as defined in section 8.5(2) of this chapter for each state fiscal year ending after June 30, 2019.
  - (B) If a certified technology park reached its limit on deposits based on a state fiscal year ending after June 30, 2020, the certified technology park shall receive deposits based on the income tax incremental amount as defined in section 8.5(2) of this chapter for the state fiscal year in which it reached its limit on deposits under subsection (c) or (d) and each state fiscal year thereafter.
  - (C) If a certified technology park is permitted to receive deposits under this subsection during the state fiscal year in which it reached its limit on deposits under subsection (c) or (d), the income tax incremental amount for purposes of subdivision (1)(A) or (1)(B) for that state fiscal year shall be reduced by an amount equal to:
    - (i) the deposit amount for the state fiscal year under subsection (b) required to reach the limit on deposits under subsection (c) or (d); minus
    - (ii) the gross retail incremental amount determined under section 6.5 of this chapter;
 but not less than zero (0).

**(f) This subsection applies to a certified technology park that is located within a qualified military base enhancement area under**



**IC 36-7-34. Subject to subsection (g), if a certified technology park has reached the limit on deposits under subsection (e) and maintains its certification under section 11(c) of this chapter, the certified technology park shall become a Level 3 certified technology park and an additional annual deposit amount shall be deposited in the incremental tax financing fund for the certified technology park equal to the lesser of:**

- (1) the aggregate income tax incremental amounts as defined in section 8.5(2) of this chapter attributable to each redevelopment commission that has entered into a written agreement for the operation of the certified technology park;**
- or**
- (2) two hundred fifty thousand dollars (\$250,000) multiplied by the number of redevelopment commissions that have entered into a written agreement for the operation of the certified technology park.**

**However, no amount of state gross retail and use taxes that are remitted under IC 6-2.5 for transactions occurring after June 30, 2029, by businesses operating in the certified technology park and no amount of adjusted gross income tax or local income tax paid by employees employed in the certified technology park with respect to wages and salary earned for work in the certified technology park after June 30, 2029, may be deposited in the incremental tax financing fund for the certified technology park, regardless of whether the maximum annual amount under subdivision (1) or (2) has been met.**

**(g) For purposes of calculating the income tax incremental amount for the additional annual deposit amount under subsection (f), only wages attributable to new employees hired on or after the date the certified technology park becomes a Level 3 certified technology park shall be included in the calculation. The department of state revenue shall determine the incremental amount based only on the net payroll increase over the base payroll determined at the time of the Level 3 designation.**

**(h) Once a certified technology park meets the requirements of designation as a Level 3 certified technology park, the department of state revenue shall, not later than ninety (90) days after receipt of all information necessary to make the determination, issue a written determination establishing:**

- (1) the date on which the certified technology park became a Level 3 certified technology park; and**



**(2) the base payroll amount to be used for purposes of calculating the income tax incremental amount under section 8.5 of this chapter.**

**The department of state revenue may require the submission of documentation reasonably necessary to make the determination under this subsection.**

~~(f)~~ **(i)** This subsection applies to a Level 2 **or Level 3** certified technology park designated in subsection (e) **or (f)**. When the office recertifies a certified technology park as required under section 11 of this chapter, the office shall make a determination of whether the certified technology park shall continue to be designated as a Level 2 **or Level 3** certified technology park.

~~(g)~~ **(j)** On or before the twentieth day of each month, all amounts held in the incremental tax financing fund established for a certified technology park shall be distributed to the redevelopment commission for deposit in the certified technology park fund established under section 23 of this chapter."

Page 3, delete lines 30 through 42, begin a new paragraph and insert:

"SECTION 13. **An emergency is declared for this act.**"

Delete page 4.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 281 as reprinted January 28, 2026.)

THOMPSON

Committee Vote: yeas 20, nays 0.

